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UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

In re:
Victoria Gewalt,
Debtor.

Case No. 21-20600-C -11

Date: March 24, 2021
Time: 11:00 a.m.
Dept: C
Ctrm: 35, 6th Floor

Chapter 11

Judge Christopher M. Klein

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1 **History of the Debtor.** Debtor filed the present voluntary Chapter 11 case under
2 Subchapter V of the Bankruptcy Code on February 22, 2021. Walter Dahl has been appointed
3 Subchapter V Trustee. Debtor and her late husband were involved in real estate development,
4 acquisition and sales for approximately thirty years. Debtor has experienced serious reverses in
5 her real estate investments since 2008. She has sold properties over the last few years and
6 borrowed against remaining properties at increasingly disadvantageous terms in an effort to
7 retain properties. The immediate cause of the present case was a Trustee's Sale of her residence
8 that was continued to February 24, 2021.

10
11 **Type of Plan.** Debtor hopes for the confirmation of a consensual Plan of Reorganization.
12 Her Plan of Reorganization will be a liquidating plan. Debtor intends to sell investment real
13 property in California and Texas to pay the debt secured by the investment properties as well as
14 the debt secured by her residence. Some of Debtor's interests are undeveloped real property held
15 directly by the Debtor or in Partnerships owned by the Debtor and other parties. These properties
16 may require extended marketing periods. However, there are at least four parcels that are
17 immediately marketable including 490 Club Drive, Tahoe City, California, 801 and 807 Wheelock
18 Street, Franklin, Texas (36- and 16-unit apartment buildings) and 4403 Carter Creek, No. 6, Bryan,
19 Texas a vacant two-bedroom, one bath condominium. It is anticipated that a Plan of
20 Reorganization will be filed prior to the Status Conference.

21 **Valuation of Assets.** Debtor does not anticipate any litigation regarding valuation of
22 assets.

23 **Cash Collateral.** Debtor does not anticipate cash collateral issues in this case. The two
24 apartment buildings generating rents are operated by a Limited Liability Company owned
25 by the Debtor.

26 **Adversary Proceedings.** Debtor does not anticipate filing any adversary proceedings.

27 **Environmental Issues.** Debtor is unaware of any environmental issues that impact the
28 Debtor or might impair future business operations.

1 **Claim Objections.** The claim deadline in this case is May 3, 2021 for most creditors and
2 August 21, 2021 for governmental claims. There are no current plans for claim objections.

3 **Post-Confirmation Sale of Assets.** Debtor intends to continue selling assets as necessary
4 to implement the Plan of Reorganization after Plan Confirmation. It is anticipated that 11
5 U.S.C. 363 sales will be conducted after Plan Confirmation.

6 **Anticipated Professional Fees.** Debtor anticipates significant attorney and realtor fees
7 will be incurred as properties are sold. The employment of a tax accountant is anticipated.
8 Because there was a step up in basis upon the death of Debtor's husband the capital gain
9 tax liability of the estate will be limited. There will also be Subchapter V Trustee fees. If
10 a non-consensual plan is confirmed there will be post-confirmation Subchapter V Trustee
11 fees.

12 **Efforts to obtain a consensual Plan of Reorganization.** To the extent that creditors are
13 assured of a pay-off in a reasonable period of time they may be anticipated to accept a
14 liquidating plan. The largest unsecured creditor is the Weintraub Tobin law firm. The
15 Weintraub Tobin firm represented the Debtor in litigation with Debtor's deceased
16 husband's brother. Counsel for Debtor has discussed the proposed plan with Weintraub
17 Tobin and anticipates the firm will continue to demonstrate the consideration that the
18 firm showed prior to filing.

19 Dated: March 10, 2021

20 Reynolds Law Corporation

21 BY: /s/ Stephen M. Reynolds
22 Attorney for Victoria Gewalt

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